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1 September 1953

MEMORANDUM FOR: DEPUTY DIRECTOR (PLANS)

SUBJECT: Procurement Procedures and Problems in TSS.

INTRODUCTION

1. For purposes of examining aspects of procurement in TSS, a representative of the Office of Logistics was loaned to the Inspection and Review Staff. Findings are incorporated in this report together with I&R comments.

2. The number of problems in procurement, and the number of complaints on specific requests, is relatively small in view of the volume of requisitions processed by TSS. Over 2300 such requisitions were handled during Fiscal Year 1953. There were isolated cases where problems arose and long delays followed; definite reasons were back of most delays. It is felt that isolated procurement problems will continue.

PROCUREMENT PROCEDURE

3. TSS uses the Office of Logistics for practically all procurement. Procedures within TSS to implement this arrangement were examined and found adequate. Details are reflected in "Attachment 1".

CONTRACTS

4. Certain difficulties were noted in connection with procurement contracts, their auditing and payment. The companies concerned

(a) [redacted]

The Agency feels the CORPORATION has failed to maintain satisfactory accounting records and was unable to meet Government and Agency requirements. Fiscal audits of some completed contracts have been delayed as much as two (2) years. This results in delay of final settlement and payment, although the Agency received the manufactured equipment some time ago.

Another aspect of the [redacted] requires examination. As reflected in "Attachment 2", this Corporation

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filed for record. A typical jacket when completed would contain:

- (1) Request from using branch.
- (2) Requisition prepared by 25X1
- (3) Copy of requisition from the Stock Control Branch, Supply Division, IO, indicating stock status.
- (4) Purchase Order or Contract where indicated.
- (5) Receiving documents.
- (6) Signature of branch or operation receiving material.

25X1 The present system appears to provide adequate documentary support for all Agency property requisitioned and received by All property received and issued by is supported by signature. A card system necessary in the development of a formal stock control account is planned for the near future. The present system is a necessary step toward installation of all procedures specified in Technical Services 25X1 and indicates efficient administration.

c. Periodic review of memorandum receipts is not part of the present system. The possible loss of control is apparent unless adequate review and periodic, physical inspections are policy. It appears possible for property issued to an individual, to travel with that individual either in or out of the Agency.

d. The jacket files of Fiscal Year 1953 were reviewed and found to be in order. Inventories of material with are limited to items for demonstration, experimentation and maintenance material are maintained by the 25X1 TSS. 25X1

25X1 e. Field requisitions processed through the 25X1 are not supported by receipt or disposition information. Supporting shipping documents are maintained by the Administrative Division, TSS. The jackets indicate pending or incomplete status, while in fact the material has been shipped to the field. Several instances of this procedure were noted involving shipments to 25X1

f. Some delays in receiving materials requisitioned have been noted, but where required, expedited action had been satisfactory. The average time from requisition to receipt on stock

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items is about ten (10) working days. Instances of delay were more apparent immediately after the [] was put into operation. Instances have arisen where warehouse personnel were unfamiliar with new stock numbers recently assigned to all items.

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g. This Division has no recollection of problems involving unauthorized substitutions during the last eighteen (18) months. Working relationships with all elements of the Logistics Office are sound and continually improving.

h. The Chief, [] submitted information regarding contracts involving [] Attached is the current status of each. (See Attachment No. 3)

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6. Under the present system, it is necessary that all paper purchased for [] be delivered to the warehouse and then delivered to [] as requested. Due to the shortage of space in [] for storage purposes, it is not possible to stock a large amount of paper. Professional paper handlers make deliveries to the warehouse, but untrained General Services Administration employees deliver to [] and a great deal of paper stocks are damaged beyond use for printing purposes. A proper [] arranged so that paper can be requested from the vendor as needed and delivered directly to the place of use would avoid this double handling and damage.

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At the present time it is necessary that a waiver from the Government Printing Office be secured on all paper purchased by [] A blanket waiver and procurement procedure indicated above would speed delivery and eliminate the necessity for maintaining paper stocks.

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CONCLUSIONS

7. It is concluded that:

a. Certain contractual difficulties are outside the immediate control of TSS. Procurement, fiscal and the administrative procedures of the contractors tend to complicate the problems. Final decisions should be made regarding all the [] contracts.

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b. The contractual relationships involving the [] appear to act against the best interests of the Agency and the Government.

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c. Procurement procedure as outlined by TSS follows the generally accepted practice of the Agency and presents no area of difficulty.

25X1 d. Supply and distribution problems noted were at a minimum and better administrative practices now in existence tend to reduce even these few. Movement of the warehouse facilities to the [] caused some delays in deliveries. This situation is improving daily.

25X1 e. The [] TSS is the one Division with a [] Requisitions from all other divisions are channeled through the Administrative Division, TSS. Records in this Division provide adequate documentary support for all Agency property requisitioned and received by [] All property received and issued appears to be supported by signature. Physical inventories are lacking and periodic review of memoranda receipts are not made.

25X1 f. [] establishes responsibility for the custody of property within divisions and field bases of TSS. It outlines the requirements for maintenance of records at TSS Staff level and by divisions and field bases. As an interim measure, pending the publication of [] Supply Directives by the Supply Division, Logistics Office, the [] appears adequate.

25X1 g. Procurement procedures should be studied to determine feasibility of a paper [] with deliveries direct from vendor to [] within security limitations.

25X1 h. Necessary action should be taken to obtain blanket waiver from the Government Printing Office for the procurement of all paper for clandestine purposes.

RECOMMENDATIONS

8. It is recommended that:

25X1 a. Chief, TSS advise DD/P whether it is feasible to establish a central Logistics Office for TSS and whether same could absorb the []

b. Necessary steps be taken to secure from the Government Printing Office a blanket waiver for the purchase of all paper used for security purposes.

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c. Immediate action be taken within TSS to establish:

- (1) Physical inventories.
- (2) Stock records for internal control.
- (3) Strict review and control of memoranda receipt property.

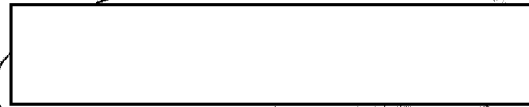


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e. TSS explore possible alternate suppliers of items and services now furnished by 

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*C/O approved these
recommendations except
as modified by C/TSS
memo of 5 November 1953.*



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DISTRIBUTION:

Orig & 1: Addressee

1: C/Office of Logistics

1: C/TSS

1: Inspector General

1: I&R Subject file (TSS-Procurement)

1: I&R Chrono file

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